GEORGIA REAL ESTATE EXAM GLOSSARY

Security deposit

A security deposit is money a landlord holds to secure a tenant's performance, such as payment of rent and responsibility for damage beyond ordinary wear, subject to the lease and applicable landlord-tenant law.

OFFICIAL AREA	KNOWLEDGE CLUSTER	LEARNING SYSTEM
Property Management	**Property management**	**Define, distinguish, apply, retrieve**

SOURCE STANDARD

Official exam outline plus authoritative Georgia or federal references where the topic has a controlling rule. Independent educational resource, not affiliated with GREC or PSI.

01 / COMPLETE LESSON

Build the complete exam definition

Learn the rule, separate it from the nearest distractor, then apply it to a Georgia fact pattern.

CORE DEFINITION

What does Security deposit mean?

A security deposit is money a landlord holds to secure a tenant's performance, such as payment of rent and responsibility for damage beyond ordinary wear, subject to the lease and applicable landlord-tenant law.

CLOSEST DISTINCTION

How do you separate the nearest exam answer?

A security deposit secures tenant obligations and may be refundable. Advance rent is payment for a future rental period.

GEORGIA APPLICATION

What changes or stays the same in Georgia?

Georgia law imposes handling, inspection, accounting, escrow, and return requirements that depend in part on the landlord and property. A broker holding deposits must also follow real estate trust-account rules.

WORKED EXAMPLE

A landlord documents the unit's initial condition, holds the deposit as required, and after move-out itemizes a lawful deduction for tenant-caused damage rather than ordinary wear.

EXAM TRAP

The landlord does not automatically own the deposit when received, and ordinary wear is not the same as tenant damage.

Memory cue: The landlord does not automatically own the deposit when received, and ordinary wear is not the same as tenant damage.

02 / PRACTICE AND MASTERY

Retrieve the rule under exam conditions

Answer before reading the explanation. Then explain why every distractor belongs to a different term.

ORIGINAL PRACTICE CHECK

Which statement correctly explains Security deposit?

- **A** A property management agreement is a written contract authorizing a manager or brokerage to operate rental property for an owner within stated powers, duties, fees, term, reporting, leasing, maintenance, trust-fund, and termination provisions.
- **B** Trust funds are money or property a Georgia broker receives on behalf of another person in a real estate matter, including earnest money, rents, security deposits, and other client or customer funds when held by the broker.
- **C** A security deposit is money a landlord holds to secure a tenant's performance, such as payment of rent and responsibility for damage beyond ordinary wear, subject to the lease and applicable landlord-tenant law.
- **D** A trust account is a separate, federally insured account in which a Georgia broker holds money belonging to others in connection with real estate activity, including earnest money when the broker receives it.

CORRECT ANSWER: C

Security deposit is correct. A security deposit is money a landlord holds to secure a tenant's performance, such as payment of rent and responsibility for damage beyond ordinary wear, subject to the lease and applicable landlord-tenant law. A security deposit secures tenant obligations and may be refundable. Advance rent is payment for a future rental period. Georgia law imposes handling, inspection, accounting, escrow, and return requirements that depend in part on the landlord and property. A broker holding deposits must also follow real estate trust-account rules.

MASTERY TRACKER

Mark each box only when you can perform the skill without looking.

- [ ] I can define the term in one precise sentence.
- [ ] I can separate it from the closest look-alike.
- [ ] I can explain the Georgia rule or confirm that the national rule applies.
- [ ] I can answer the practice check and explain every option.

03 / CONNECTIONS AND AUTHORITY

Connect the term to the wider exam

Use these relationships to move from isolated recall to a connected exam model.

RELATED TERM

Property management agreement

A property management agreement is a written contract authorizing a manager or brokerage to operate rental property for an owner within stated powers, duties, fees, term, reporting, leasing, maintenance, trust-fund, and termination provisions.

https://www.passgeorgiarealestate.com/glossary/property-management-agreement

RELATED TERM

Trust funds

Trust funds are money or property a Georgia broker receives on behalf of another person in a real estate matter, including earnest money, rents, security deposits, and other client or customer funds when held by the broker.

https://www.passgeorgiarealestate.com/glossary/trust-funds

RELATED TERM

Trust account

A trust account is a separate, federally insured account in which a Georgia broker holds money belonging to others in connection with real estate activity, including earnest money when the broker receives it.

https://www.passgeorgiarealestate.com/glossary/escrow-trust-account

RELATED TERM

Commingling

Commingling is the improper mixing of money belonging to clients, customers, tenants, owners, or other persons with a broker's personal or operating funds.

https://www.passgeorgiarealestate.com/glossary/commingling

RECOMMENDED NEXT COMPLETE LESSON

Property Management complete lesson

https://www.passgeorgiarealestate.com/study-guide/property-management/landlord-tenant-and-funds

EXAM SOURCES AND AUTHORITY NOTES

1. PSI Georgia Candidate Information Bulletin, 7/1/2026

Official exam administration and content-outline source.

https://test-takers.psiexams.com/api/content/bulletin/4672

2. Georgia Department of Community Affairs, Georgia Landlord-Tenant Handbook

State handbook explaining Georgia residential landlord-tenant law.

https://dca.georgia.gov/document/publications/georgia-landlord-tenant-handbook/download

3. Georgia Real Estate Commission Rules, Chapter 520-1

Official Georgia Secretary of State publication of Commission rules governing licensure and brokerage.

https://rules.sos.ga.gov/gac/520-1